

Message Text

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PAGE 01 STATE 217934

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DRAFTED BY: EB/OT/GCP: E.L. WILLIAMS

APPROVED BY: EB/OT/GCP: J.E. O'MAHONY

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R 122333Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY WELLINGTON

AMEMBASSY TUNIS

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FOLLOWING REPEAT STATE 217934 SENT GENEVA NOVEMBER 5:

QUOTE

CONFIDENTIAL

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL MEETING, NOVEMBER 7

REFERENCES: (A) GENEVA 5624; (B) GENEVA 5738; (C) STATE

206098; (D) GENEVA 5620; (E) STATE 203269

1. FOLLOWING INSTRUCTIONS KEYED TO AGENDA CITED REFTELS (A) AND (B).

2. REPORT OF COUNCIL. WE AGREE THAT SECRETARIAT'S TREATMENT OF ARTICLE XXIV:5(A) EXAMINATION OF EC IS UNSATISFACTORY. MISSION THEREFORE REQUESTED TO SUGGEST REVISION OF PARAGRAPH 11(A) OF SECRETARIAT'S DRAFT (C/W/227) TO REFLECT FOLLOWING ADDITIONAL POINTS:

A. WP HAS NOT REACHED AGREEMENT ON AN ASSESSMENT TO

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PAGE 02 STATE 217934

DETERMINE THAT THE DUTIES AND OTHER REGULATIONS OF COMMERCE

OF THE CUSTOMS UNION ARE NOT ON THE WHOLE HIGHER OR MORE RESTRICTIVE THAN THE GENERAL INCIDENCE OF DUTIES AND REGULATIONS APPLICABLE PRIOR TO THE FORMATION OF THE UNION. IT HAS NOT EVEN AGREED ON A METHOD FOR MAKING SUCH AN ASSESSMENT. SEVERAL MEMBERS OF THE WP SUPPORTED A METHODOLOGY BASED ON SPECIFYING PROTECTION IN TERMS OF AD VALOREM EQUIVALENTS OF TARIFFS AND ALL OTHER REGULATIONS OF COMMERCE. THE EC DID NOT ACCEPT THIS SUGGESTION AND PROPOSED THAT THE ASSESSMENT SHOULD BE BASED ON STATISTICS SHOWING DEVELOPMENT OF IMPORTS INTO THE EC AND THE ACceding

COUNTRIES IN RECENT YEARS. THIS PROPOSAL WAS NOT ACCEPTABLE TO OTHER MEMBERS OF THE WP BECAUSE IT WOULD NOT SHOW WHAT IF ANY CHANGE MIGHT OCCUR IN THE GENERAL INCIDENCE OF DUTIES AND OTHER REGULATIONS OF COMMERCE.

B. WE PREFER THAT REPORT NOT STATE THAT ARTICLE XXIV:6 NEGOTIATIONS ARE BEING "ACTIVELY" CARRIED ON, BUT RATHER THAT THEY HAVE NOT YET BEEN CONCLUDED.

3. STATUS OF PROTOCOLS. USREP MAY USE HIS DISCRETION IN TAKING POSITION RE THIS ITEM. (HE MAY, FOR EXAMPLE, URGE THOSE CP'S WHICH HAVE NOT YET ACCEPTED PART IV TO MAKE EVERY EFFORT TO DO SO IN NEAR FUTURE.)

4. EC/TUNISIA. WE CONCUR WITH MISSION'S RECOMMENDATION (REF A) THAT MODIFICATIONS OF EC/TUNISIA AGREEMENT RESULTING FROM EC EXPANSION BE CONSIDERED ALONG WITH CHANGES IN AGREEMENT RESULTING FROM CURRENT RENEGOTIATION. USREP SHOULD TAKE OPPORTUNITY TO MAKE SAME POINTS NOTED BY US IN OCTOBER 19 COUNCIL CONSIDERATION OF EC/MOROCCO PROTOCOL, I.E., EC/TUNISIAN ARRANGEMENT DOES NOT INVOLVE ELIMINATION OF BARRIERS ON "SUBSTANTIALLY ALL TRADE", PROVIDES NO SCHEDULE FOR MOVING TO FULL FTA AS REQUIRED BY ARTICLE XXIV, AND QR'S ARE MATTER OF PARTICULAR CONCERN WHICH NEED CAREFUL CONSIDERATION BY NEXT WP IF THEY ARE NOT ELIMINATED FROM AGREEMENT DURING CURRENT NEGOTIATIONS.

5. NEW ZEALAND WAIVER FOR HULA SKIRTS AND SPEARS. MISSION SHOULD NOT SUPPORT WAIVER REQUEST, AS US IS OPPOSED TO LIMITED OFFICIAL USE

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PAGE 03 STATE 217934

SPECIAL PREFERENCES OF THIS KIND WHICH UNDERMINE MFN PRINCIPLE. MOREOVER IT IS UNCLEAR THAT ANY "EXCEPTIONAL CIRCUMSTANCES" (AS MENTIONED IN ARTICLE 25) EXIST WHICH WOULD REQUIRE WAIVER. GIVEN LIST OF PRODUCTS TO BE COVERED, NEW ZEALAND COULD PROBABLY IMPLEMENT TARIFF-FREE QUOTA ON MFN BASIS WITH FEW PROBLEMS, OR IF THIS UNSATISFACTORY, INCLUDE AS PART OF NEW ZEALAND GSP.

6. GATT TRAINING ACTIVITIES. USREP MAY NOTE DG'S REPORT.

7. ARTICLE XXXV-JAPAN. WE ARE NOT AWARE OF CONTENT OF ANTICIPATED STATEMENT BY JAPANESE BUT SUSPECT THAT THEY MAY WISH TO PUT THOSESCOUNTRIES WHICH STILL INVOKE GATT ARTICLE XXXV ON NOTICE THAT JAPAN WOULD LIKE TO SEE INVOCATIONS WITHDRAWN. MISSION MAY SUPPORT SUCH A STATEMENT BEARING IN MIND THAT US IN PAST HAS FAVORED DISIN- VOCATION.

8. REPORT BY DG ON DE FACTO APPLICATION OF GATT TO NEWLY INDEPENDENT COUNTRIES. USREP MAY NOTE OR APPROVE DG'S REPORT AS APPROPRIATE. WE HAVE HEARD OF NO COMPLAINTS IN THIS CONNECTION, NEITHER ON PART OF CP'S NOR FROM ANY OF THE 14 RELATIVELY NEW STATES THAT MAINTAIN DE FACTO APPLICATION OF THE GATT.

9. INDONESIA WAIVER. WE SUPPORT, IN GENERAL, WAIVER PRO- POSAL OUTLINED GENEVA 5373, PARAGRAPH 3. HOWEVER, IN KEEPING WITH WHAT HAS BEEN NORMAL PRACTICE OF APPROVAL SUCH WAIVERS FOR INITIAL ONE-YEAR PERIOD, WE PREFER USREP SEEK AGREEMENT ON WAIVER EFFECTIVE THROUGH DECEMBER 31, 1974, INSTEAD OF DECEMBER 31, 1975 DATE REPORTED IN CABLE CITED ABOVE.

10. GATT RULES OF ORIGIN WP. WE HAVE RECEIVED INFORMATION THAT THE EC MIGHT ACCEPT GATT WP ON RULES OF ORIGIN. PRIOR TO COUNCIL MEETING USREP SHOULD THEREFORE INQUIRE AS TO EC POSITION WITHOUT INDICATING ANY SPECIAL INFORMATION ON OUR PART. IF EC IS PREPARED TO ACCEPT WP PROPOSAL, US SHOULD PROCEED IN LINE WITH INSTRUCTIONS FOR OCTOBER 19 COUNCIL MEETING. IF, HOWEVER, EC REPRESENTATIVE INDICATES LIMITED OFFICIAL USE

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PAGE 04 STATE 217934

THAT HIS POSITION IS UNCHANGED, USREP SHOULD PROPOSE THAT MATTER BE CARRIED OVER TO NEXT COUNCIL MEETING/

11. REPORTS FOR ADOPTION. USREP MAY ADOPT OR APPROVE REPORTS OF ANTI-DUMPING COMMITTEE (L/3943) AND BUDGET COMMITTEE (L/3941). HE MAY ALSO ADOPT WP REPORT ON TRADE WITH POLAND PROVIDED IT IS ACCEPTABLE TO MISSION. SHOULD DISCUSSION OF REPORT TAKE PLACE AT COUNCIL MEETING, USREP MAY PARTICIPATE AS APPROPRIATE DRAWING ON INSTRUCTIONS REFTEL (E). WITH RESPECT TO INDIA/YUGOSLAVIA/EGYPT TRIPARTITE AGREEMENT, WE CONCUR WITH MISSION (GENEVA 5645) THAT USREP SHOULD SIMPLY MAKE SHORT STATEMENT INDICATING THAT US VIEWS ARE REFLECTED IN WP REPORT.

12. TUNISIAN PROVISIONAL ACCESSION. GATT L/3942 NOT YET

RECEIVED. WE ASSUME, NOW THAT TUNISIA HAS ADOPTED NEW
TARIFF, THAT IT INTENDS TO COMPLETE DEFINITIVE ACCESSION
PROCEDURE. ON THIS BASIS, USREP MAY SUPPORT EXTENSION
FOR ANY REASONABLE PERIOD. RUSH

UNQUOTE. RUSH

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